

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 91-514-C - ORDER NO. 91-1069  
NOVEMBER 26, 1991

IN RE: Application of Horry Telephone Long     ) ORDER  
Distance, Inc. for a Certificate of     ) GRANTING  
Public Convenience and Necessity.     ) CERTIFICATE

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of Horry Telephone Long Distance, Inc. (Horry or the Company) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of telecommunications and alternate operator services in the State of South Carolina. Horry's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1990) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed Horry to publish a prepared Notice of Filing in newspapers of general circulation in the affected areas one time. The purpose of the Notice of Filing was to inform interested parties of Horry's Application and the manner and time in which to file the appropriate pleadings for participation in the proceeding. Horry

complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. Petitions to Intervene were filed by Southern Bell Telephone & Telegraph Company (Southern Bell) and the South Carolina Department of Consumer Affairs (the Consumer Advocate).

A hearing was commenced on Tuesday, November 12, 1991, at 11:00 a.m. in the Commission's Hearing Room. The Honorable Marjorie Amos-Frazier presided. M. John Bowen, Esquire, represented Horry. Carl F. McIntosh, Esquire, represented the Consumer Advocate; and Gayle B. Nichols, Staff Counsel, represented the Commission Staff.<sup>1</sup>

At the beginning of the hearing, Horry marked and entered its stipulation with Southern Bell as Hearing Exhibit 1. In this stipulation, Horry and Southern Bell agreed as follows:

- (1) Any grant of authority should clearly be for interLATA services only.
- (2) If any intraLATA calls are inadvertently completed by the carrier, the carrier should reimburse the LEC pursuant to the Commission's Order in PSC Docket No. 86-187-C.
- (3) All operator services should be only for interLATA calls and any "0+" or "0-" intraLATA calls should be handed off to the LEC.
- (4) Applicant does not currently and has no future plans to resell such services described as "a virtual private network offering which utilizes the capacity and software technology of a switched network to enable customers to secure what are essentially private network services." Such services is (sic) currently offered by AT&T as "Software Defined Network," by M.C.I. as "V-Net," and by U.S. Sprint as "Virtual Private Network."

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1. Southern Bell was not represented at the hearing.

- (5) Nothing in 1, 2, 3, or 4 above shall prohibit Horry Telephone Long Distance, Inc. from offering any services authorized for resale by tariffs of facility based carriers approved by the Commission.

According to the stipulation, Southern Bell agreed to withdraw its intervention upon the Commission's acceptance of the stipulation.

Horry presented the testimony of William J. Cronin in support of its Application. Mr. Cronin explained Horry's request for certification to operate as a reseller of interexchange telecommunications services in South Carolina. Cronin explained that the Company presently wishes to resell the toll services of MCI. Horry proposes to provide MTS, Dial Station-to-Station, Calling Card, Person-to-Person, and Operator Station-to-Station Services. Horry intends to offer operator services on a contract basis with companies which are certified by this Commission as alternate operator providers. Horry will be responsible for billing, trouble reporting, and customer services. Cronin outlined Horry's financial qualifications, background, and technical capabilities.

After full consideration of the applicable laws and of the evidence presented by Horry, the Consumer Advocate, and the Commission Staff, and after consideration of Horry and Southern Bell's stipulation, the Commission hereby issues its findings of fact and conclusions of law.

#### FINDINGS OF FACT

1. Horry is incorporated under the laws of the State of South Carolina and wishes to operate as a non-facilities based reseller of interexchange services on an interLATA basis in South Carolina. Horry also desires to offer alternate operator services.

2. Horry has the experience, capability, and financial resources to provide the services as described in its Application and through Cronin's testimony at the hearing.

3. Southern Bell and other local exchange carriers (LECs) should be compensated for any unauthorized intraLATA calls completed through Horry's service arrangements.

#### CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a certificate of public convenience and necessity should be granted to Horry to provide intrastate, interLATA service through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Services, or any other services authorized for resale by tariffs of facility-based carriers approved by the Commission.

2. That all intrastate intraLATA calls must be completed over intraLATA WATS, MTS, private and foreign exchange lines or any other service of facility based carriers approved for resale on an intraLATA basis. Any intraLATA calls not completed in this manner

would be considered unauthorized traffic and the Company will be required to compensate LEC's for any unauthorized intraLATA calls it carries pursuant to Commission Order No. 86-793 in Docket No. 86-187-C.

3. The Commission adopts a rate design for Horry for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate level with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communication Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984). The Commission adopts Horry's proposed maximum rate tariffs.

4. Horry shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. Horry shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of Horry's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1990).

5. The Commission also determines that Horry should be granted a Certificate of Public Convenience and Necessity to provide alternate operator services. In regard to fees for alternate operator services, Horry may not charge any more than the operator service rate charged by AT&T at the time the call is placed. In addition, Horry shall be required to place "tent cards" near telephones in hotels, motels, and other business locations where its alternate operator services are being provided. These "tent cards" shall identify Horry as the alternate operator service provider and shall instruct the caller as to the means by which he can obtain rate information. Likewise, Horry shall place stickers with similar information on any pay telephones which utilize Horry's operator services.

6. Horry shall file its tariff and an accompanying price list to reflect the Commission's findings within thirty (30) days of the date of this Order.

7. Horry is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

8. With regard to Horry's resale of services, an end user should be able to access another interexchange carrier or operator service provider if they so desire.

9. Horry shall resell the services of only those interexchange carriers or LEC's authorized to do business in South Carolina by this Commission. If Horry changes underlying carriers, it shall notify the Commission in writing.

10. Horry shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

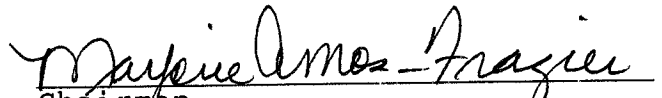
11. That Horry shall be issued and allowed to hold its Certificate of Public Convenience and Necessity as long as the following safeguards are instituted and employed by Horry and employed and implemented by its related telephone utility, Horry Telephone Cooperative, Inc.:

- a. That Horry Telephone Cooperative, Inc. make available to all requesting interexchange carriers the identical contractual services at the same terms provided to Horry;
- b. That all confidential information received from any interexchange carriers by Horry Telephone Cooperative, Inc. be protected from Horry unless all other interexchange carriers are given access to the identical information;

- c. That the contracts between Horry and Horry Telephone Cooperative, Inc. be subject to review by the Commission, including the reasonableness of the rates.
- d. That Horry maintain a separate set of books, and separate studies, time cards, or any other necessary information sources used to allocate costs between Horry and Horry Telephone Cooperatives, Inc. Horry shall file its allocation study with the Commission at the time it files its Annual Report.
- e. That safeguards be employed by Horry Telephone Cooperative, Inc. in any future equal access pre-subscription process to insure that Horry will not receive any preference in that procedure, and that all carriers have been treated fairly.

12. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director  
(SEAL)



ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS

FOR INTEREXCHANGE COMPANIES AND AOS'S

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS\* FOR 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

\*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION, MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE\* AT DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

\*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE).